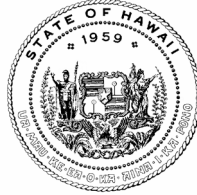


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August 25, 2020

The Honorable Chairman and Members of
the Hawaii Public Utilities Commission
Kekuanaoa Building
465 South King Street, Room 103
Honolulu, Hawaii 96813

Dear Commissioners:

RE Commission Investigation to Address COVID-19 Impacts on Consumers and Regulated Companies - Order No. 37284 Extending Suspension Of Termination Or Disconnection Of Regulated Utility Services Due To Non-Payment And/Or Assessment Of Other Charges Through December 31, 2020.

The Division of Consumer Advocacy (“Consumer Advocate”) appreciates the Commission’s timely action to file Order No. 37125 on May 4, 2020, which largely adopted the Consumer Advocate’s request for certain forms of ratepayer relief during the ongoing COVID-19 pandemic,¹ by establishing a moratorium on the termination of service due to non-payment and other related actions “during the pendency of the Governor’s Emergency Proclamation, and until otherwise ordered by the Commission.”² The Consumer Advocate also appreciates the Commission’s subsequent orders extending the moratorium to December 31, 2020.³

¹ The Consumer Advocate filed a letter with the Commission on April 23, 2020, urging the Commission to file an order to temporarily suspend the authority of regulated companies to terminate or disconnect services due to non-payment, assess any charges or fees related to late payments, interest on outstanding balances, or similar charges during the ongoing COVID-19 pandemic.

² Order No. 37125, at 4.

³ Order No. 37153 filed on May 28, 2020 extending the moratorium to June 30, 2020; Order No. 37189 filed on June 26, 2020 extending the moratorium to July 31, 2020; Order No. 37251 filed on July 31, 2020 extending the moratorium to August 31, 2020; Order No. 37284 filed on August 24, 2020, extending the moratorium to December 31, 2020.

On August 20, 2020, Governor David Y. Ige issued the Twelfth Proclamation Related to the COVID-19 Emergency, that extends the COVID-19 emergency period through September 30, 2020 that maintains the mandatory 14-day quarantine in effect for travelers entering the State of Hawaii and extends the prohibition on evictions for non-payment of rent until September 30.⁴ The state's unemployment rate for July 2020 was 13.1% and showed a slight improvement over June 2020 of 13.4%.⁵ However, these rates are still significantly higher than the unemployment rate for January 2020 of 2.7%.⁶ It is also unclear whether the "positive" change from June may reflect a number of workers who may have temporarily decided to leave the workforce. Clearly, Hawaii's residents and businesses are continuing to suffer widespread hardship from COVID-19's impact on the economy.

In addition, the Consumer Advocate is aware that the Honolulu City Council is considering Resolution 20-183 – Urging the Hawaii Public Utilities Commission and the Hawaiian Electric Company, Inc. to Extend the Moratorium on Electric Service Disconnections for Non-Payment for a Reasonable Period of Time After the State Has Reopened to Tourism or the Declaration of the State of Emergency Has Ended. As the title of the resolution makes clear, the Honolulu City Council is seeking to extend the disconnection moratorium until the impacts of the COVID-19 pandemic have subsided.

Meanwhile, Hawaii continues to see a surge of new COVID-19 cases as evidenced by the August 24, 2020 report from the Department of Health where 169 new cases and two deaths were reported for that day, while the total cases and deaths reported since February 28, 2020 have risen to 6,769 and 49, respectively.

Given these very concerning circumstances, the Consumer Advocate appreciates the extension of the moratorium on involuntary disconnections but urges the Commission to adopt the following consumer protections:

- Each utility, prior to resuming termination, should have a customer outreach plan to help with possible payment plans in place. An example of this is at Hawaiian Electric's website at <https://www.hawaiianelectric.com/hawaiian-electrics-response-to-covid-19>. The Consumer Advocate contends that it is reasonable for the utilities to establish, as early as possible, an outreach plan to help customers understand what their options are, especially as it relates to payment plans. Allowing the moratorium to end without the establishment and execution of an outreach plan and the creation of flexible payment plans will not be in consumers' interests nor the utility companies.

⁴ <https://governor.hawaii.gov/newsroom/latest-news/governors-office-news-release-gov-ige-extends-covid-19-emergency-period-through-september/>.

⁵ Hawaii Department of Labor and Industrial Relations website, <https://labor.hawaii.gov/blog/news/hawaiis-unemployment-rate-at-13-1-in-july/>. The June 2020 unemployment rate was revised from 13.9% to 13.4%.

⁶ <https://labor.hawaii.gov/blog/news/hawaiis-unemployment-rate-at-2-7-in-january-2/>.

The sudden termination of the moratorium, especially since many customers are still unemployed or are struggling due to reduced incomes or revenues will likely put many customers in the situation of not being able to have electricity services. Furthermore, if the moratorium is allowed to suddenly end without an outreach plan that has already been implemented, the utility companies will likely face a significant spike of customer service calls and complaints.

- The Consumer Advocate urges the Commission to encourage the utility companies to consider allowing payment plans that reflect the ongoing conditions where instead of limiting payment plans to a shorter period, the utility companies should consider allowing customers to pay back balances over a longer period such as 18- or 24-months. The Consumer Advocate also urges the Commission to consider requiring utility companies to allow low- and moderate-income (“LMI”) or unemployed customers to have payment plans that have a minimum length of eight months. The Consumer Advocate also urges the Commission to require utility companies to allow customers that have been or are unemployed the option of a deferred payment plan, such as the one that Hawaiian Electric is offering.⁷
- The Commission should prohibit utilities from imposing down payments on customers as part of any payment plan and/or deferred payment plan.
- Any late fees and interest should not be applied to customers’ balances that are making scheduled payments. If a customer with an outstanding significant receivable balance⁸ has not established a payment plan before the moratorium has ended, the utility companies should be reaching out to customers as part of the outreach plan to verify that customers are aware of payment plan options and the utilities should be allowed to only apply late fees and interest charges to balances related to services received after December 31, 2020, or the end of the moratorium, whichever is later.

⁷ <https://www.hawaiianelectric.com/billing-and-payment/payment-assistance/payment-arrangement-options>.

In its “Deferred Start 4-month or 6-month Equal Installment Plan” Hawaiian Electric is allowing a customer to start making payments after a delay of two months. The Consumer Advocate urges any utility to consider whether a customer continues to be unemployed and whether the deferral period should be longer as this would encourage customers, even if they are unemployed, to demonstrate their commitment to pay their outstanding balances when that customer has the wherewithal to make payments (e.g., when they are employed again).

⁸ For purposes of defining “significant”, the Consumer Advocate suggests that an outstanding balance that is greater than three times the average monthly bill for that particular customer class could be used as a relatively straightforward metric.

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- Prohibit utilities from taking part in negative credit reporting against customers who are in arrears during the suspension period.

We believe these measures will help support consumers to maintain essential utility services to stay safe and healthy during these very uncertain times but also helps the utility companies by encouraging customers that can start to pay – when and what they can pay – to establish payment plans that will help restore the revenues associated with those services. Thank you for your consideration.

Sincerely yours,

/s/ Dean Nishina
Dean Nishina
Executive Director

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